GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1713
ANSWERED ON:23.03.2012
RBI S INSTRUCTIONS AGAINST FRAUDS
Vundavalli Shri Aruna Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Muthoot Finance Corporation and Manapuram are doing business as Non-Banking entities without obtaining the requisite permission from the Government and Reserve Bank of India (RBI);

(b) if so, the details thereof and the reasons therefor alongwith the action taken against the said companies;

(c) whether the Government/RBI has issued any warning for the general public in this regard in the recent past;

(d) if so, the details thereof; and

(e) the steps taken/being taken by the Government/RBI to safeguard the interests of the general public in case of frauds by such companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a)&(b) Muthoot Finance Limited and Manappuram Finance Limited are registered with the Reserve Bank of India (RBI) as Non-Banking Financial Institutions under Section 45 IA of the Reserve Bank of India Act, 1934 (RBI Act).

(c)to(e) A proprietary firm of the Executive Chairman of Manappuram Finance Limited was accepting deposits in violation of the provisions of Section 45 S of the RBI Act. RBI issued a public notice warning them that the firm is not eligible to receive deposits from public and those placing deposits do at their own risk. Further, RBI had directed Manappuram Finance Ltd. not to allow its staff, premises and infrastructure for mobilizing the deposits on behalf of the said proprietary concern.

RBI closely monitors the companies registered as NBFCs with it, and takes regulatory measures / steps to safe-guard the interest of general public, as and when warranted.